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ASCS PRODUCTION ADJUSTMENT PROGRAMS

Congress has authorized a number of programs which include the objective of helping to adjust the production and marketing of farm crops. Among those currently administered by the Agricultural Stabilization and Conservation Service are:

1. Acreage allotments and marketing quotas. In accordance with the provisions of the Agricultural Adjustment Act of 1938 and its later amendments, allotment-quota programs for 1965 crops are in effect for four of the six so-called "basic" crops -- cotton, rice, peanuts, and most types of tobacco -- and allotments are in effect for wheat; special legislation exempts 1965-crop wheat from quotas. Quotas were never in effect for corn, the other basic crop, and the quota authority for corn was repealed in 1954; corn allotments were ended with the 1958 crop. No marketing quota program can be put into effect without the approval of at least two-thirds of the producers voting in a national referendum.
2. Voluntary diversion programs. As authorized by special legislation, these programs seek to divert acreage from crop production into an approved conserving use. Such programs are in effect for 1965 crops of wheat (in conjunction with allotments) and feed grains (corn, grain sorghum, and barley).
3. The Cropland Conversion Program. This program, being conducted on a pilot basis, represents a new approach to the problem of overproduction by encouraging -- under long-term agreements -- the conversion of acreage from crop production into alternative income-producing uses such as grass and trees, or recreational or wildlife developments.
4. The Conservation Reserve of the Soil Bank. Under this program, specific acreages of cropland are held out of production under long-term contracts. The program for 1960 was the last under which additional acreage could be signed up.
5. The Sugar Program. This program includes the establishment of acreage "proportionate shares," allotted to farms producing sugar beets or sugarcane when necessary to assure each producer a fair share of the national acreage limitations for the crops. Proportionate shares were not in effect for 1964 sugar crops, but they will be used for 1965 in the mainland producing areas.

Both acreage allotments and marketing quotas seek to adjust production. Acreage allotments, used alone, are primarily guides, providing inducements for compliance but no penalties for noncompliance. If allotments alone are in effect, a farmer who harvests excess acres usually loses the privilege of taking part in the price-support programs available for the crop and -- in the case of wheat for all years except 1965 -- his future farm wheat allotments are reduced. There is no penalty on the excess production.

Marketing quotas can be used with acreage allotment programs under conditions of heavy supply when a two-thirds majority of voting producers approve. When quotas are in effect, all producers who are not covered by certain exemptions are subject to penalties on production or marketings from their excess acreage if the acreage exceeds the farm allotment. (The crop produced on the farm-allotment acreage thus may be considered as the farm quota.) They also usually lose price-support privileges.

Under the controlling legislation, marketing quotas can be applied only to the basic crops mentioned above. There is no comparable limitation with regard to acreage allotments, but allotments for 1965 crops are in effect only for the five crops. While the feed grain voluntary diversion program has no "allotments" as such, it operates in a similar manner, since it seeks to reduce acreage a specific percentage below a "base acreage."

Because eligibility for price support is usually dependent upon compliance with any allotment or acreage-reduction programs which are in effect, a brief review of price-support provisions is given later in this background statement.

### Allotment-Quota History

Base acreages were first used in connection with the programs carried out under the Agricultural Adjustment Act of 1933, under which farmers contracted with the Federal Government to adjust production. Beginning in 1936, allotments were established ~~under the~~ Agricultural Conservation Program for certain "soil-depleting" crops in an effort to encourage farmers to produce in accordance with requirements for food and fiber. In 1938, the basic legislation (Agricultural Adjustment Act of 1938) was enacted, providing current programs of acreage allotments and marketing quotas for most of the allotment crops. The legislative section on peanuts was added to the Act in 1941. New provisions were authorized by the Food and Agriculture Act of 1962 (for wheat) and by the Agricultural Act of 1964 (for wheat and upland cotton).

### Prewar

Acreage allotments, which the Agricultural Adjustment Act of 1938 directed to be proclaimed each year, were used for basic crops from 1938 to 1943. During these years, marketing quotas were also used for cotton, wheat, peanuts, and tobacco, though not every year for the crops other than cotton.

### War Adjustments

With the beginning of World War II, the situation changed. While production of basic crops continued large, demand for most commodities far exceeded available supplies. Acreage allotments for corn and cotton were at first relaxed and then lifted entirely, together with allotments for wheat and rice; during



the year 1943, marketing quotas were terminated for the 1942 crop of wheat and for 1943 crops of wheat, cotton, fire-cured and dark air-cured tobacco, and peanuts. From 1943 to 1949, allotments were not used as a part of the farm program except in connection with marketing quotas for certain kinds of tobacco, which were covered by special legislation during the war years. Marketing quotas were proclaimed and approved for the 1948 crop of peanuts, but were later terminated because of the world shortage of foods, fats, and oils.

### Postwar

From 1949 through 1964, acreage allotments only (marked "A") and marketing quotas, operating through allotments, (marked "Q") were in effect for the basic crops as follows:

	1949	'50 <sup>1/</sup>	'51	'52	'53	'54	'55	'56	'57-'58	'59-'63	'64
Wheat (for 1956-'63 crops, effective only in commercial wheat States).....	A	A <sup>2/</sup>									A
Cotton (upland).....	Q					Q	Q	Q	Q	Q	Q
Cotton (extra long staple).						Q	Q	Q	Q	Q	Q
Rice.....	A	A <sup>2/</sup>					Q	Q	Q	Q	Q
Peanuts.....	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Tobacco, major types.....	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Corn (in commercial counties)	A <sup>1/</sup>	A <sup>2/</sup>				A	A	A <sup>3/</sup>	A	<sup>4/</sup>	<sup>4/</sup>

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- 1/ In 1950, allotments were also in effect for dry beans and potatoes (commercial); corn allotments were effective only in the "commercial corn area," defined by law.
- 2/ For 1951, wheat and rice allotments were in effect for a time, but were terminated early in 1951; corn allotments were terminated before announcement of the actual allotment.
- 3/ Allotments used only in connection with price-support determination; superseded by larger "base acreages" for commercial corn-producing area.
- 4/ Growers voted to end corn allotments in a Nov. 25, 1958 referendum. A voluntary feed grain acreage diversion program was in effect for corn (with grain sorghum) in 1961, and for corn (with grain sorghum and barley) in 1962, 1963, and 1964. A similar program is authorized for 1965 feed grain crops.

### Current

For 1965, both allotments and quotas are in effect for all basic crops except wheat and corn -- they no longer apply to corn since growers voted in November 1958 to eliminate corn acreage allotments, and special legislation exempts 1965-crop wheat from quotas; however, allotments are in effect for 1965-crop wheat as a means of determining eligibility for the available price support and participation in the wheat diversion program. (See p. 7 for explanation on wheat program and p. 9 for diversion program for corn and other feed grains.)

National acreage allotments for 1965 crops are: Wheat, 49.5 million acres; cotton (upland), 16 million acres (plus 200,000 acres as a national reserve to take care of minimum farm allotments); cotton (extra long staple), 77,758 acres; peanuts, 1,610,000 acres; rice, 1,818,638 acres; tobacco - flue-cured (types 11-14),

515,425 acres; burley (t.31), 284,146 acres; fire-cured (t.21), 9,266 acres; fire-cured (t.22-23), 26,574 acres; dark air-cured (t.35-36), 12,735 acres; Virginia sun-cured (t.37), 3,237 acres; Maryland (t.32), 39,528 acres; cigar binder (t.51-52), 5,677 acres; cigar filler and binder (t.42-44, 53-55), 20,610 acres. (Allotments for burley and Virginia sun-cured tobaccos will be effective if growers approve quotas in referendums scheduled for Feb. 25, 1965.)

Legislation enacted in the spring of 1964 provided for a national "domestic allotment" for 1964 and 1965 crops of upland cotton. For 1965, the domestic allotment has been announced at 10,425,000 acres (65 percent of the national allotment).

Through the years, a total of 138 marketing quota referendums have been held (as of Feb. 18, 1965), 20 of which turned down the quotas (18 tobacco, 1 rice, 1 wheat). Latest referendums on marketing quotas for basic crops were held on the following dates, with the results indicated:

<u>Crop</u>	<u>Date</u>	<u>Total Votes</u>	<u>Percent "yes" of Total Votes Cast</u>
Cotton, upland ('65 crop)	Dec. 15, 1964	305,452	96.2
Cotton, extra long staple ('65 crop)	Dec. 15, 1964	953	80.2
Wheat ('64 crop)	May 21, 1963	1,222,856	47.8 <sup>1</sup> / <sub>2</sub>
Rice ('65 crop)	Jan. 26, 1965	7,538 <sup>2</sup> / <sub>2</sub>	91.0 <sup>2</sup> / <sub>2</sub>
Peanuts ('63-'65 crops)	Dec. 11, 1962	42,838	96.9
Tobacco:			
Flue-cured ('65-'67 crops)	Dec. 15, 1964	356,951	96.5
Burley ('62-'64 crops) <sup>3</sup> / <sub>2</sub>	Feb. 20, 1962	176,926	99.2
Fire-cured ('64-'66 crops)	Feb. 28, 1964	11,978	94.7
Dark air-cured ('64-'66 crops)	Feb. 28, 1964	9,113	97.8
Cigar-binder ('63-'65 crops)	Feb. 26, 1963	349	96.0
Cigar filler & Binder ('63-'65 crops)	Feb. 26, 1963	3,401	89.6
Va. sun-cured ('62-'64 crops) <sup>3</sup> / <sub>2</sub>	Feb. 20, 1962	1,431	98.5
Pa. cigar filler ('65-'67 crops) <sup>2</sup> / <sub>2</sub>	Feb. 18, 1965	3,187	11.8 <sup>1</sup> / <sub>2</sub>
Maryland ('63-'65 crops)	Feb. 14, 1963	4,441	83.8

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- <sup>1</sup>/ Quotas disapproved, since not favored by at least two-thirds of total votes.
- <sup>2</sup>/ Preliminary.
- <sup>3</sup>/ Referendums are scheduled for Feb. 25, 1965 on quotas for 1965, 1966, and 1967 crops of burley and Virginia sun-cured tobaccos.

#### How Acreage Allotments Work

The Secretary of Agriculture proclaims acreage allotments for rice each year unless they are suspended because of emergency conditions. Allotments for cotton, peanuts, and tobacco (and for wheat in years when quotas are proclaimed) are announced in connection with marketing quotas.

The rice acreage allotment must be announced by December 31. See "How Marketing Quotas Work," p. 7 for dates of announcements on other crops.

## Method of Apportioning Allotments

The first step under an allotment program is to establish the national acreage allotment. For rice, this is done directly; for wheat, cotton and peanuts, it is done indirectly; for tobacco, no national acreage allotment as such is determined.

For rice, a national acreage allotment is established which, with average yields, would produce enough for domestic consumption, exports, and reserve supplies. For cotton and peanuts (and for wheat in years when quotas are proclaimed), a national marketing quota (the amount of the crop to be produced the following year) is first proclaimed and then converted into a national acreage allotment. (For rice, cotton, peanuts, and wheat, legislation provides minimums below which the allotment--or quota--may not be established, regardless of the amount needed.)

These national allotments are divided among the States producing the commodities, generally on the basis of production history.

The method for dividing the State allotments among farms varies according to the commodity. State allotments for peanuts are apportioned directly among individual farms. State allotments for some rice States are allocated first to rice producers and then to farms. State allotments for wheat, cotton, and certain rice States, are apportioned first among counties and then the county allotment is apportioned among farms.

In the case of tobacco, a national marketing quota is proclaimed, divided among tobacco-producing States, and converted to State acreage allotments, which are then divided among farms in the State.

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Keeping the farm acreage of the crop within the acreage allotment is necessary in order to qualify for price support. However, the Secretary of Agriculture is directed to provide a reasonable period of time before harvest within which any acreage of a basic crop in excess of the allotment for the crop may be adjusted by the farmer to the farm's acreage allotment.

A similar provision includes keeping the acreage within farm base acreages and meeting other provisions of the feed grain diversion program as a condition of price-support eligibility for corn, grain sorghum, and barley.

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(See also Wheat Program, p. 7; Feed Grain Program, p. 9.)



### How Marketing Quotas Work

The Secretary of Agriculture is directed by law to proclaim marketing quotas generally when supplies of a basic crop are excessive. The level at which quotas must be proclaimed for most of the crops is specified by law (see p. 7).

Two exceptions to this rule are: (1) Marketing quotas must be proclaimed each year for peanuts, without regard to the supply situation; and (2) if quotas are once proclaimed for a particular kind of tobacco because of large supplies, legislation requires that 3-year quotas be proclaimed for that kind of tobacco for subsequent marketing years. (If tobacco growers have disapproved quotas for 3 years in succession, quotas which would be in effect within the 3-year period for which quotas were disapproved may not be proclaimed unless, prior to November 10 of the marketing year, one-fourth or more of the farmers engaged in production of such tobacco petition the Secretary to proclaim quotas.)

Quotas may not be used unless at least two-thirds of the eligible producers voting in a referendum approve their use. (Usually, an eligible grower is one who engaged in the production of the crop during the previous year.)

For tobacco and peanuts, the vote is on quotas for 3 years; if growers vote disapproval of quotas, another referendum on 3-year quotas will be held the following year. (For exception to this rule for tobacco, see second paragraph in this section.) For other crops, the vote is on quotas for 1 year.

Provision is made for increasing, suspending, or terminating quotas under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

Quotas seek to limit the marketing of the commodity during the marketing year by placing penalties of so much per pound or per bushel on marketings in excess of the quota. The crop grown on the farm allotment acreage may be considered as the farm quota. (In the case of cotton and rice, the amount of the crop considered to be excess may be adjusted in the event of unusually low yields.)

For rice (and for wheat in years when quotas have been in effect), the producer may postpone or avoid a marketing quota penalty by delivering the "excess" of the crop to the Secretary of Agriculture or storing it in accordance with applicable regulations. Somewhat similar storage provisions are provided by law for tobacco.

(If growers disapprove quotas, price supports for most basic crops may be made available to producers who do not exceed their acreage allotments only at 50 percent of parity and to noncooperators at such levels, not in excess of the level for cooperators, as the Secretary determines will facilitate the effective operation of the program. The Agricultural Act of 1964 exempted the 1964 and 1965 wheat crops from this provision. If tobacco quotas are disapproved, no price support may be made available for the particular kind and crop for which quotas were disapproved.)



The level of supply of the various basic crops at which marketing quotas must be proclaimed, and the dates of the proclamation and the referendum are as follows:

<u>Crop</u>	<u>Proclamation Supply Level</u>	<u>Proclamation Date</u>	<u>Referendum Date</u>
	<u>In excess of:</u>	<u>Not later than:</u>	
Cotton (upland)	Normal supply	Oct. 15	Not later than Dec. 15
Cotton (extra long staple)	Normal supply plus 8%	Oct. 15	Not later than Dec. 15
Peanuts	Proclaimed each year: supply does not govern	Nov. 30	Not later than Dec. 15
Rice	Normal supply	Dec. 31	Within 30 days
Tobacco	Reserve supply (normal supply plus 5%) <u>1/</u>	Dec. 1 (flue- cured) Feb. 1 (others)	Within 30 days Within 30 days
Wheat	When determined by the Secretary to be excessive in the absence of marketing quotas (not applicable to 1965 crop)	April 15	Not later than Aug. 1

1/ Since quotas have been proclaimed previously for each major kind of tobacco, legislation requires that quotas be announced each year without regard to the supply level. (See also page 6, second paragraph under "How Marketing Quotas Work.")

#### Wheat Program

The Agricultural Act of 1964 authorized a voluntary wheat (acreage-diversion) program for 1964 and 1965 wheat crops and exempted the 1965 crop from marketing quotas.

#### 1965 Program

The 1965 voluntary wheat program, like the 1964 program, includes diversion payments, price-support loans, and marketing certificates. It is again designed to maintain wheat income, reduce the surplus, and keep program costs down.

New provisions of the 1965 program are: (1) Substitution of wheat for feed grains or feed grains for wheat by growers who take part in both programs; (2) where requested by the grower, the establishment of an oats-rye base for a farm with production history of one or both of these crops; and (3) storage under bond of wheat produced in excess of the farm allotment by growers who at signup time declare their intention to do this.

Program benefits to producers who take part and qualify include:

1. Price-support loans averaging \$1.25 a bushel nationally on their entire farm wheat production (except any excess wheat stored under bond).
2. Domestic marketing certificates worth 75 cents a bushel on a maximum 45 percent of the normal production of the farm allotment.
3. Export certificates worth 30 cents a bushel on a maximum 35 percent of the normal production of the farm allotment.
4. Diversion payments for diverting below the farm allotment based on 50 percent of the county price-support loan rate and the normal yield for the farm.
5. For producers who use the substitution provision or request an oats-rye base and divert corn, barley, grain sorghum, oats, or rye instead of wheat, the diversion payment rate will be for the crop actually diverted below the feed grain base or wheat allotment.

To qualify for price support and certificates under the 1965 wheat program, the producer signs up, has an acreage of wheat no larger than the farm allotment (unless he plans to use the storage-under-bond provision or the substitution privilege), keeps within the wheat allotment or permitted acreage for any other farm in which he has an interest, keeps within all other allotments established for the participating farm, devotes to approved conservation uses an acreage of cropland equal to 11.11 percent of the farm's wheat allotment (for which there will be no diversion payment), meets other provisions of the program, such as preventing weed growth and not harvesting or grazing diverted acreage unless approved by the ASC County Committee.

To be eligible also for diversion payments, the producer (who is not using the program's substitution provisions) needs to reduce his wheat-allotment acres and increase the farm's normal cropland acres in conservation use by at least 10 percent of the wheat allotment. (This is in addition to the basic 11.11 percent of the allotment.) The largest number of acres which may be diverted for payment is the larger of (a) 20 percent of the 1965 farm allotment, or (b) enough additional acreage to make a total of 15 acres including the diversion for which there is no payment.

If the producer wants to substitute wheat for feed grains, or vice versa, he signs up in both programs and then increases the farm's usual acreage of cropland devoted to conservation use (the conservation base) by not less than the sum of the acreage signed up for diversion under both programs (in addition to the basic 11.11 percent of the wheat-allotment acres which are to be devoted to a conserving use).

Planting wheat on feed grain acreage will not increase the wheat certificates issued for a farm.

Growers declaring their intention to do so may overseed wheat up to 50 percent of the farm's 1965 wheat allotment and still be eligible for a price-support loan (on all but the "excess" wheat) and for marketing certificates if they (1) devote to a conserving use an acreage at least equal to the smaller of (a) the conserving base acreage plus the minimum wheat-acreage diversion, or (b) the entire farm cropland acreage less the wheat acreage; and (2) store the excess production under an indemnity bond. The bond will be released after all of the wheat in storage has been released as a result of underplanting or underproduction.

Growers overseeding and storing excess wheat will not be eligible (1) for diversion payments, (2) to substitute wheat for feed grains or feed grains for wheat, or (3) to have an oats-rye base established for their farm.

In predominantly winter wheat areas, 780,916 farms were signed up for diversion in 1965. The wheat allotments on these enrolled farms totaled 34,848,504 acres; total acreage intended for diversion was 5,540,000 acres. Signup in the spring wheat areas will take place in the spring of 1965 at the same time as the feed grain program signup (Feb. 8 through March 26). Farmers who took part in the fall signup may modify their program intentions until the close of the spring wheat signup except that they do not have the option of signing up this spring to overplant and store excess wheat.

#### Feed Grain Program

The Feed Grain Act of 1963 authorized an acreage-diversion program for the 1964 and 1965 crops of feed grains as a means of continuing progress in stopping the buildup of excess stocks, reducing program costs, and raising farm income by assuring fair prices for feed grain producers and providing a basis for stability for livestock prices.

Diversion payments for 1965 will be available to the grower of corn, grain sorghum, or barley, for reducing his acreage of one or more of the three feed grains a minimum of 20 percent below the farm's total base acreage and devoting the diverted acreage to an approved conserving use. Additional acreages may be diverted; the maximum on which payments could be made for diversion is 50 percent of the feed grain base, or 25 acres if this is more. However, payments may not be made on more acres than were in the base.

A producer with more than one farm may limit his participation to one farm. However, planting in excess of the feed grain base on any other of his farms will disqualify the producer for payments and price supports on the signed-up farm.

If less than 40 percent of the base is actually diverted, payment will be made on the normal yield of the first 20 percent of the diverted acres at one-fifth of the county price-support rate for the crop (loan plus support payment),



and at one-half the support rate for the normal production from the remaining percentage. If 40 percent or more of the base is diverted for payment, the higher rate will apply to all the acreage diverted. However, no diversion payment may exceed 20 percent of the value of the cropland diverted.

By participating in the program, growers will also qualify for a price-support payment on the normal yield of the 1965 planted acreage of corn, grain sorghum, or barley. In addition, the entire production from the planted feed grain acreage will be eligible for a price-support loan.

By individual grains, the 1965 support loan and payment division will be as follows:

	<u>Loan Rate</u>	<u>Support Rate</u>	<u>Total Support</u>
Corn (per bu.)	\$1.05	\$0.20	\$1.25
Barley (per bu.)	.80	0.16	.96
Grain sorghum (per cwt.)	1.65	0.35	2.00

Eligibility for diversion payments and price support is conditioned upon the producer's maintaining the normal acreage (1959-60 average) in conserving uses or practices, including summer fallow and idle land on the farm. Acreage diverted from feed grains and devoted to conserving uses in 1965 is in addition to the normal conserving base acreage for the farm.

Where a producer is signed up for both the wheat and feed grain programs, wheat may be substituted for feed grains or feed grains for wheat within the total permitted acreage. Diversion payment in this case would be based on the actual crop, or crops, reduced below the wheat allotment or feed grain base. Price-support loans and purchases will be available on the entire production of wheat and feed grains. However, price-support payment for feed grains and certificates for wheat will be limited to the smaller of (a) the acreage planted for harvest or (b) 80 percent of the feed grain base or allotment as the case may be.

Producers may also request establishment of an oats-rye base for their farms. If this is established, plantings of other feed grains may not exceed the feed grain permitted acreage.

A special provision is included in the 1965 program for designated varieties of malting barley. Under certain circumstances, producers may apply to overplant their barley base acreage by 10 percent. Producers electing this option will be eligible for barley loans or purchases at the full county barley support rate based on a national average of 96 cents per bushel; they will not be eligible for barley diversion or price-support payments.

The signup period for the 1965 feed grain program is February 8 through March 26.

Feed grain acreage signed up for diversion in 1964 totaled 34.3 million acres on 1.3 million farms.



### The Upland Cotton Program

The Agricultural Act of 1964<sup>4</sup> supplemented the cotton program already in effect, authorizing a national "domestic acreage allotment" program for 1964 and 1965 crops of upland cotton. The purpose was to reduce upland cotton production through additional voluntary reductions in planted acreage.

#### The 1965 Program

For 1965, with marketing quotas in effect -- as approved by farmers in a referendum -- growers will be able to choose between keeping their upland cotton acreage within the farm's effective allotment or the farm's domestic allotment. For small farms with effective allotments of 15 acres or less from which allotment acreage is not released for 1965, the domestic allotment will be the smaller of (a) 15 acres, or (b) the 1965 effective allotment; for most other farms, the domestic allotment will be 65 percent of the 1965 effective farm allotment.

Price support for Middling one-inch cotton at 29 cents per pound, gross weight, at average location, will be available to growers not signing up for the domestic allotment program who do not exceed their effective farm allotments (the farm allotment after any release or reapportionment). Price-support payments, in addition to the basic cotton loans, will be available to growers who plant within their farm's domestic allotment and meet other applicable program provisions. This payment at the rate of 4.35 cents a pound will be based on the normal yield of cotton established for the farm times the acreage planted for harvest. It will help compensate farmers for reducing production and sales by taking part in the domestic allotment program.

The signup for the 1965 domestic allotment program for upland cotton will be held from Feb. 8 through March 26. It will be only for operators of farms where the domestic allotment is less than the effective allotment. Operators of small farms from which allotment acreage is not released for 1965 are not required to sign an agreement to participate in the domestic allotment program; full payment will be made to these farmers if the farm acreage of cotton is within the domestic allotment. ("Small farms" are those where the effective allotment is 15 acres or less and no acreage is released.)

#### Price Support

Price support is mandatory for the basic crops (wheat, cotton, corn, rice, peanuts, and tobacco); the only exception is no support is available for tobacco if quotas have been disapproved by growers.

If growers disapprove marketing quotas for peanuts, upland cotton, extra long staple cotton, rice, (or wheat in years when marketing quota provisions are in effect), price support for that commodity is made available by law at 50 percent of parity. (Special legislation exempted 1965-crop wheat from marketing quotas.) Quotas do not apply to corn. Eligibility for price support on all of the basic crops (except corn) depends on not exceeding the acreage allotment for that crop. (Allotments do not apply to corn.) Price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary of Agriculture determines will facilitate the effective operation of the program.

For feed grains in 1965, a grower of corn or grain sorghum or barley may qualify for price support on one or more of these crops by participating in the feed grain program. This means reducing the total acreage of corn, grain sorghum, and barley at least 20 percent below the total farm base and shifting this diverted acreage to a conserving use, and meeting other minimum requirements of the program.

### Support Levels

For the 1965 (and the 1964) wheat crop, the Agricultural Act of 1964 authorized a three-price certificate-type program without regard to quotas. Price support for wheat covered by domestic certificates (estimated to be the wheat needed for domestic use) may be at such a level between 65 and 90 percent of parity as the Secretary determines appropriate after taking into consideration certain factors. Support for wheat covered by export certificates may not be more than 90 percent of the parity price, under the same conditions. Support for wheat not covered by marketing certificates is at such level not in excess of 90 percent of the parity price as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains. (See explanation of 1965 wheat program, p. 7.)

Price-support levels for peanuts may range from 75 to 90 percent of parity, the minimum depending on the level of supply at the time of the determination. The range of support for extra long staple cotton is between 60 and 75 percent of parity. For upland cotton (see also next paragraph) and rice, the maximum level of support is 90 percent of parity and the minimum level is 65 percent of parity.

For the 1965 upland cotton crop (also in effect for 1964), growers not exceeding the farm's "domestic allotment" (see p. 11) may qualify for price-support payments in addition to the basic cotton loans. The payments are based on the normal yield of the cotton acreage planted for harvest.

On tobacco crops for which quotas have not been disapproved, legislation directs that the support level be determined by adjusting the 1959 support level upward or downward in proportion to changes in the parity index (prices paid by farmers, including interest, taxes, and wage rates), using the previous 3-year moving average. (Thus, the "changes in the parity index" will be determined according to the ratio of the average prices that farmers paid during the previous 3 years to the average of prices paid in 1959. The 1959 support level multiplied by this ratio will be the support level for the current crop.)

Beginning with the 1964 corn crop, the Feed Grain Act of 1963 provides, "That in the case of any crop for which an acreage diversion program is in effect for feed grains, the level of price support for corn of such crop shall be at such level not less than 65 per centum or more than 90 per centum of the parity price therefor as the Secretary determines necessary to achieve the acreage reduction goal established by him for the crop." A portion of the

support price for any feed grain included in the acreage diversion program (provided for 1964 and 1965) may be made available to producers through payments in kind in order to assure that those producers who cooperate in reducing their acreages of feed grains may primarily receive the benefits of the price support and diversion programs. (See explanation of 1965 feed grain program, p. 9.)

Price supports for the other feed grains, by law, are determined after consideration of several factors, including supply in relation to demand, the ability of the Commodity Credit Corporation to dispose of stocks acquired under price support, the ability and willingness of producers to keep supplies in line with demand, feed value of such grains in relation to corn, and support levels for other commodities.

In the event of an emergency, the Secretary of Agriculture may increase the support above the specified parity level for any needed crop.

(This publication does not attempt to cover price supports for other agricultural commodities -- either mandatory or permissive. This section merely gives the highlights on support authorization for crops for which "production adjustment" programs are in effect.)

#### Soil Bank

Farmers took part in the Conservation Reserve of the Soil Bank by voluntarily contracting with the Commodity Stabilization Service (the predecessor of ASCS) to "reserve" -- or withdraw -- a stated acreage of their cropland from production for a period of 3, 5, or 10 years, and to devote it to an approved conservation practice. For this, the farmer received conservation cost-sharing and technical assistance in addition to annual payments to compensate for the loss of income the acreage would otherwise produce.

The Conservation Reserve has been in effect since 1956. As of January 1, 1965, about 14 million acres were still included in this program.

Annual payments will continue to be made for the term of the contracts in effect, but authority to put new land in the program ended with the 1960 program.

#### Cropland Conversion Program

Under a new land-use adjustment program authorized on a test or pilot basis by the Food and Agriculture Act of 1962, farmers are being assisted in converting cropland to other income-producing uses which also conserve soil and water resources. The program is intended to encourage profitable alternative uses of cropland which now is producing row crops and small grains that cannot be effectively used. It provides for the Secretary of Agriculture to enter into agreements with farmers to convert cropland for a period of years to grass, forests, water storage, wildlife habitat, or recreational facilities.



Under the 1963 program, 2,802 farmers in 37 States and 128 counties agreed to convert for 5 or 10 years a total of 129,157 acres of cropland to grass, trees, and other approved uses.

Under the 1964-65 program of 5-year agreements, 101 counties in 36 States have been designated as test areas.

Farmers who participate in the program receive adjustment payments, cost-sharing payments, and technical assistance. The program agreements are based on farm conservation plans developed by the farmers in cooperation with local soil conservation districts. The program is administered by ASC committees with technical assistance provided by the Soil Conservation Service and the Federal or State Forest Service.

#### Sugar Program

The Sugar Act of 1948, as amended, is designed to protect the welfare of the domestic sugar industry, to provide adequate supplies of sugar for consumers at fair prices, and to promote international trade.

To assure each individual domestic producer of sugar beets or sugarcane of an opportunity to produce his fair share of the market available for his area's sugar, the Secretary of Agriculture may establish farm allotments, or "proportionate shares," expressed either in acres, tons of sugarcane or beets, or quantity of sugar. Direct payments are made to such producers, provided they also meet certain labor, wage, price, and marketing requirements prescribed by law.

Proportionate shares were not in effect for the 1964 crop in any domestic sugar-producing area, but they will be used for the 1965 crops in the mainland sugar beet and sugarcane areas.

#### PROGRAM ADMINISTRATION

ASCS farm programs are administered in the field by Agricultural Stabilization and Conservation (ASC) farmer-committeemen.

ASC State committees consist of from three to five farmer-members appointed by the Secretary of Agriculture for a period of one year. ASC county and community committees are elected by farmers who are participating or are eligible to participate in the programs.

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